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SUPPLEMENT TO
REPORT NO.

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CHINESE GOVERNMENT TAKES STEPS TO STRENGTHEN CO-OPS

When local cooperative work first began in this area, the people had two general reasons for not investing: (a) because of the bad reputation of the Salt Company under the KMT, many people were afraid that cooperatives were merely salt marketers, and they saw little personal advantage to themselves

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in any investments, but some people panicked to make very large investments lest their neighbors consider them too rich and cause them trouble in getting loans later on. After workers had explained the true nature of the cooperatives, there was much more enthusiastic investing on the part of the people. In Hung-hsing Ts'un, after nine members of the family of the village head had set the example, 480 persons invested in the cooperative. In Hu-mang-li Ts'un 320 persons pledged investments in one day. As the living standards of the members increase as a result of cooperative management of necessities such as oil, salt, and rice, there will be even more desire to invest.(3)

A later article in the same paper reports that Hsin-chien, Feng-ch'eng, Lo-p'ing, Ch'ing-chiang, and Nan-ch'ang Hsien (all in Kiangsi) were active in setting up rural supply and market cooperatives. The main cooperative offices in all the above Hsien had sent out groups to carry out cooperative plans. These groups enlisted the aid of local cadres, youth groups, people's militia, and other active units to assist in a propaganda campaign.

In Hsin-chien Hsien, cooperative salt is 200 yuan per catty below the market price, and fertilizer cake is 3,000-6,000 yuan per catty lower than market price.

In three districts in Lo-p'ing Hsien, 360 new members joined the cooperatives, making a total of 6,098 members. Seven new cooperatives were set up in Feng-ch'eng Hsien, this gives a total of 13 rural supply and market cooperatives with about 20,000 members in Hsin-chien, Feng-ch'eng, Lo-p'ing, Ch'ing-chiang, and Nan-ch'ang Hsien.(4)

The Lin-chiang supply and market cooperative of Lung-nan Hsien is said to be fulfilling the needs of its members. Lin-chiang, the center of the fourth district of Lung-nan Hsien, encompasses 12 Hsiangs, and 59 ts'uns, with a population of 22,420 persons. The Lin-chiang People's Cooperative was set up in February 1950 and in September 1950 it was reorganized into the Lin-chiang District Supply and Market Cooperative. Membership increased by 479 persons and investments rose to 2,395,000 yuan. However, some items still sold higher than market prices, so in February 1951 the cooperative began a policy readjustment. Emphasis was placed on the more necessary items such as oil, salt, and rice, 30,000-80,000 catties of rice were purchased. Now this cooperative sells oil at 400 yuan per catty below market price, rice sells at 2700 yuan per ton (one ton equals 10.35 liters) below market price, and the prices of other items are expected to drop. By large-scale purchasing, the Nan-k'eng Hsien were able to buy 25,000 catties of lime and sell it to cooperative members at 3,000 yuan per catty below the market price. From 1 to 23 March 1951, transactions totaled more than 6 million yuan. Popular interest has caused membership in this cooperative to rise to 1,604 persons.(4)

In April 1951, the cooperatives of the Ch'ang-chih Special District in Shansi inaugurated a training program which was attended by 277 officials from the local cooperatives. It was decided to set up 100 model cooperatives in the district.(5)

From 21 April to 8 May 1951, a Roman provincial cooperative convention was held at which plans were made to expedite the flow of trade between the special cooperatives. Agreements were reached on buying contracts, currency exchanges, and other transactions which would amount to 2,882,800,000 yuan. If informal agreements are included, the total value of transactions would exceed 5,450,000,000 yuan. Most of the items concerned are local products such as mats, wool, vegetable seeds, hemp bags, jujube, beans, umbrellas, and paper. There were also some arrangements made concerning slow-selling items such as eggs, chinacot, pots, and Shang-ch'iu local cloth. This type of planning is of great assistance in arranging interarea exchange for the marketing of slow-selling local products.

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Complaints have been made against the lack of experience on the part of the purchasing agents and their hesitancy to buy for fear of being unable to sell the goods. However, more careful planning is remedying these problems. There is a larger turnover of both capital and goods. For example, in the Yu-chuang Cooperative in Hsu-chang Hsien, cash transactions totaled 3,720,000 yuan in December 1950 and 24,670,000 yuan in March 1951. The turnover rate of goods rose from 1.1 to 2.81 and the turnover rate of cash rose from 0.75 to 2.16 in the same period.

Indications are that, at present, the purchasing power of the farmers is low and that they must sell their produce to buy necessities. For this reason, it has been recommended that the cooperative pay more attention to buying the farmers' produce as well as supplying their needs. Frequently, the farmers buy from private merchants because credit is made available to them. Such trade might not be lost if the cooperatives would accept more of the farmers' available produce.

At present, the planned costs of items at all cooperatives show a tendency to add profit blindly, causing the prices to be unsuitable on certain commodities. To remedy this situation, it is recommended that costs be calculated by means of the Peiping Municipal Foodstuffs and Salt Cost Calculation Method as follows: the original cost plus transaction costs, plus packing and mailing costs, plus packing depreciation, plus damage, plus stamp tax, plus operating expenses, plus buyer's overhead, plus profit, plus other expenses equals the total cost. However, as the personnel gain experience, it is possible to decrease the cost by (a) organizing better exchange between cooperatives, (b) exercising more foresight in the planning of buying contracts, and (c) handling more carefully to avoid loss in shipment. (6)

SOURCES

1. Hangchow, Chekiang Jih-pao, 2 Jun 51
2. Hong Kong, Ta Kung Pao, 19 Jun 51
3. Nan-chang, Kiangsi Jih-pao, 15 May 51
4. Ibid., 12 May 51
5. Taiyuan, Shansi Jih-pao, 13 May 51
6. Kaifeng, Honan Jih-pao, 16 May 51

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